

corresponding price. For users choosing AT&T as their LD provider, these only apply if a customer is connecting to the AT&T SDN network. Installation charges will be waived on circuits that are installed for twelve (12) months longer. For users selecting SWB as their LD provider, the access rates apply no installation charges.

Once the circuit is in place, customers will take advantage of the dedicated origination pricing. The price per minute will depend on whether the number called is switched or dedicated. Please see the pricing table for the that apply to dedicated originating calls.

Ordering Services

To order any of the services listed above, please contact a DIR representative (512) 463-7800.

AT&T - Toll-free Service - Dedicated and Switched

Type of Call	Dedicated Megacom (cost per minute)	Switched Readyline (cost per minute)
Intrastate	0.0600	0.0882
Interstate	0.0474	0.0660

SWB - Toll-free Service - Dedicated and Switched

Type of Call	Cost Per Minute Dedicated (cost per minute)	Cost Per Minute Switched (cost per minute)
Featured	0.0540	0.0630
Non-featured	0.0480	0.0630

Long Distance Service*

Outbound Services	Vendor	Dedicated Origination Dedicated Termination	Dedicated Origination Switched Termination	Switched Origination Dedicated Termination	Switched Origination Switched Termination
Intra-LATA	AT&T	0.0240	0.0516	0.0516	0.09
Intra-LATA	SWB	0.0224	0.0540	0.0660	0.06
Inter-	SWB	0.0224	0.0540	0.0550	0.08

LATA

Interstate	AT&T	0.0306	0.0504	0.0504	0.09
Interstate	SWB	0.0356	0.0372	0.0450	0.06
Canada	AT&T	0.0669	0.0669	0.0669	0.06
Canada	SW	0.0431	0.0431	0.0517	0.05

* Price per minute

**SWB Data Access Pricing
Point-to-point IntraLATA Circuits**

DS0 Service	Monthly Pri
MegaLink Service (DS0) Local Distribution Channel	\$60.00
Interoffice Channel Mileage, 0-29 miles	\$10.00
Inter-Digital Serving Office Channel, 0-29 miles	\$10.00
Interoffice Channel Mileage, 30+ miles	\$20.00
Inter-Digital Serving Office Channel, 30+ miles	\$20.00
Network Reconfiguration Service (DS0)	\$12.00

More About SWITCHED ACCESS (1+)

Switched access service on the TEX-AN network is 1+ service on all local within the State of Texas.

A selection of AT&T will be required on all Non-SWB LECS. Regarding LECS, a selection of AT&T or SWB may be chosen.

When placing an order for local telephone service, contact DIR to choose T AN as your long distance service. Request for conversion to the State of Te Network as the primary long distance carrier on local lines must be submit writing to Statewide Telecommunications Solutions. Upon receipt of reque DIR will issue an order to SWB or AT&T. The normal installation time fra 10 working days.

PIC charges will be waived on all SDN services.

PIC'ing Your Long Distance Carrier

To verify the INTERLATA PIC change to the State of Texas TEX-AN 200 network as the one-plus (1+) carrier, the location must dial 1-700-555-414 each of the local lines converted. After you dial the number you will hear "

you for calling AT&T for your long distance carrier". To verify INTRALA specific PIC in most local exchange companies, dial 1 + area code + 700-4. After you dial the number you will hear a message that will say "thank you choosing (local exchange carrier) for your local toll calling. It is strongly recommended that the verification procedure be followed on every submitted telephone number and every line PIC'd to the State Network. Then you will to send an e-mail to: _____ for verification that number has been entered into the AT&T SDN database.

Form to PIC AT&T via TEX-AN

The form for PIC'ing AT&T through the TEX-AN Network is available for download here. The first form is in Word97 format and the second is in Adobe Acrobat 3 format.

_____ (41 KB, DOC, _____)
 _____ (15 K
 PDF, _____)
 _____ (12 KB, HTML, _____)

Form to PIC SWB and/or SBC LD via TEX-AN

The form for PIC'ing SWB through the TEX-AN Network is available for download here. NOTE: this option is only available for those TEX-AN customers who now have SWB as their Local Exchange Carrier (LEC). The form is in Word97 format and the second is in Adobe Acrobat 3 format.

_____ (45 KB, DOC, _____)
 _____ (_____
 KB, PDF, _____)
 _____ (10 KB, HTML, _____)

To ensure the correctness and success of the Switched Access database for AN 2000, it is imperative all users provide Statewide Telecommunications Solutions with all changes to the local telephone numbers for all offices.

Once a telephone number is PIC'd to TEX-AN, it is the agency's responsibility to notify DIR of any changes or disconnects to ensure correct billing. Send the completed application to _____.



Department of Information Resources
 300 West 15th St., Suite 1300
 Austin, TX 78701
 1-512-475-4700

Last updated February 26, 2003

- _____
- Toll-Free Service (800. 866. 877, 888)
- _____
- _____



Department of Information Resources
300 West 15th St., Suite 1300
Austin, TX 78701
1-512-475-4700

_____	_____
_____	_____
_____	_____

Last updated February 26, 2003

I am currently in the position of Executive Director for Technology Information Services of EPISD. I have approximately 35 years of experience in my field, and have been employed by EPISD for about 19 years. I am personally familiar with transactions and dealings of EPISD relating to Funding Year 2002-2003 (the "Funding Year") of the E-Rate Program of the Federal Communications Commission (the "Program") under EPISD Application No. 318522 (the "IC/IA Form 471") and EPISD Application No. 315768 (the "Telco Form 471"), EPISD's dealings and transactions with IBM Corporation ("IBM") as service provider for EPISD under the IC/IA Form 471 and otherwise, with various dealings of EPISD with the Universal Service Administrative Company, Schools and Libraries Division (collectively, the "SLD"). I primarily handled most of the dealings between SLD and EPISD, as well as technical issues between EPISD and IBM. As such, among other things, I have personal knowledge of facts and statements stated herein. I am able to swear, and do swear, the facts and statements contained

herein are true and correct. The capitalized terms herein have the same meaning as in the Request for Review of EPISD.

Attached to the Appendix are records from EPISD. These records are kept by EPISD in the regular course of business and it was the regular course of business of EPISD for an employer representative of EPISD, with knowledge of the act, event, condition, opinion, or diagnosis recorded, to make the record or to transmit information thereof to be included in such record, and the record was made at or near the time or reasonably soon thereafter. The records attached hereto are the exact duplicates of the originals.

I am also familiar with the Funding Commitment Decision Letter issued by the Universal Service Administrative Company, Schools and Libraries Division dated March 10, 2003 for Funding Year 2002-2003 of the E-Rate Program of the Federal Communications Commission, for Form 471 Application No. 318522 (the "Decision No. 1"), as well as the Funding Commitment Decision Letter issued by the Universal Service Administrative Company, Schools and Libraries Division dated March 10, 2003 for Funding Year 2002-2003 of the E-Rate Program of the Federal Communications Commission, for Form 471 Application No. 318768 (the "Decision No. 2"). True and correct copies of Decision No. 1 and Decision No. 2 are set forth as Exhibits "1" and "2" respectively to the accompanying Appendix, and are incorporated herein.

By Decision No. 1, the SLD refused funding for EPISD for Funding Year 2002-2003 (the "Funding Year 2002") of the Program" under the IC/IA Form 471. The IC/IA Form 471 related to internal connections and Internet access. A true and correct copy of the IC/IA Form 471 is set forth as Exhibit "3" to the accompanying Appendix, and is incorporated herein. IBM is the service provider for EPISD under the IC/IA Form 471, with respect to the projects at issue in Decision No. 1.

By Decision No. 2, the SLD refused funding for EPISD for Funding Year 2002 of the Program under the Telco Form 471. The Telco Form 471 related to local telephone service and long-distance service.¹ A true and correct copy of the Telco Form 471 is set forth as Exhibit "4" to the accompanying Appendix, and is incorporated herein. AT&T is the service provider for EPISD under the Telco Form 471, with respect to the denied project at issue in Decision No. 2.

In the Decisions, the SLD essentially contends that EPISD failed to properly comply with requirements of the Federal Communications Commission (the "Commission") under the Program.

¹ EPISD's application for Program funding for local telephone services, under this same Telco Form 471, was approved, and is not the subject of any request for review.

In each of the Decisions, the SLD contends that EPISD failed to comply with the Commission's requirements under the Program on the following grounds:

- a. *"vendor selected by RFP, not 470";*
- b. *"470 said no RFP";*
- c. *"services for which funding sought not defined when vendor selected";*
- d. *"price of services not a factor in vendor selection"; and*
- e. *"price of services set after vendor selection".*

Each of the Decisions is erroneous, and the Commission should reverse the Decisions and award full funding to EPISD under the IC/IA Form 471, at least consistent with the funding levels granted to other recipients with a similar "free and reduced lunch" proportion of their school populace.

EPISD is an independent school district under Texas law located in El Paso County, Texas. EPISD participated in Year 1 through Year 4 of the Program, and sought to continue that participation during Funding Year 2002.² EPISD has had a longstanding technology plan, as modified (the "Technology Plan"), upon which its Program participation has been based. A true and correct copy of the current Technology Plan is attached to the Appendix as Exhibit "5", and is incorporated herein.

For Funding Year 2002 [as done with Funding Year 2001], EPISD sought Program funding for internal connections and Internet Access services (the "IC/IA Services"), and separately for long-distance service and local telephone service (the "Telco Services"). For the Telco Services, EPISD acquired such services from AT&T as permitted by state law through the catalogue purchase program of the State of Texas's Department of Information Resources (the "DIR"). For the IC/IA Services, EPISD renewed its contract with the service provider it had selected and contracted with for similar services under the Program for Funding Year 2001. That renewal, though, was only made after EPISD had posted a Form 470 for IC/IA Services for Funding Year 2002, even though such a posting was not necessarily required under Program rules. No responses or inquiries from vendors were received by EPISD to that posting sufficient to convince EPISD not to renew the existing contract.

Due to the renewal for the contract for the IC/IA Services in Funding Year 2002, consequently, a review of the Funding Year 2001 process is in order.

In December 2000, EPISD posted a Form 470 for Funding Year 2001 (the "2001 Form 470"), in accordance with Program requirements. The 2001 Form 470 was posted through the

² The SLD used to refer to funding years as Year 1, Year 2, etc., but changed the terminology of the Year 5 funding year to Year 2002.

SLD web-site. A hard-copy of the 2001 Form 470 was signed by EPISD and forwarded to the SLD.

In December 2000, EPISD also issued its Request for Proposal No. 101-00 entitled "Strategic Technology Solution Provider" (the "Request for Proposal"). The first page of the Request for Proposal stated in relevant part as follows:

... This Strategic Technology Partnership agreement will include, but not be limited to, E-rate funded projects. The selected vendor should be prepared to assist the District with all aspects of the E-rate process and should demonstrate knowledge and experience in dealing with E-rate funded projects. All E-rate applications will be submitted using the successor bidder's single SPIN number. Vendors must provide their SPIN number as part of their response ...

A true and correct copy of the Request for Proposal is attached to the Appendix as Exhibit "6", and is incorporated herein.

The Request for Proposal was noticed by EPISD in newspaper notices, and placed upon its web-site. EPISD provided copies of its Request for Proposal to eleven different companies who requested a copy, not all ones who ultimately bid.

The deadline for submitting responses to the Request for Proposal was December 19, 2000, and responses were thereafter opened. Eight vendors [IBM, Amherst Computer, Diversified Technical Services, Kent Data Communications, ESEI, Southwestern Bell, Time Warner Cable, and Cervantes CC] responded to the Request for Proposal in some form or fashion. A true and correct copy of the IBM response to the Request for Proposal (the "IBM Response") is attached to the Appendix as Exhibit "7", and is incorporated herein.

An evaluation committee composed of EPISD Technology and Finance Department official officials reviewed the responses and recommended IBM to the Board of Trustees of EPISD. At a Board meeting on January 9, 2001, the Board of Trustees of EPISD selected IBM as the putative awardee under the Request for Proposal, and thus, if a final contract [including pricing] was successfully negotiated and finalized, as the service provider for the EPISD projects for which a Funding Year 2001 application was to be made.

Thereafter, IBM and EPISD entered into an IBM Customer Agreement dated as of January 2001, with incorporated Statements of Work dated January 2001, as well as an Addendum to Customer Agreement for January 2001 SOWs (collectively, the "2001 Contract"). A true and correct copy of the 2001 Contract is attached to the Appendix as Exhibit "8", and is incorporated herein.

EPISD later received a substantial award of funding from the SLD for Funding Year 2001 for IC/IA Services and Telco Services. EPISD accepted such funding, and the projects thereunder have been completed.

For Funding Year 2002, EPISD filed a Form 470 for IC/IA Services and Telco Services (the "2002 Form 470"). A true and correct copy of the 2002 Form 470 is attached to the Appendix as Exhibit "9", and is incorporated herein.

With respect to Telco Services for Funding Year 2002, EPISD acquired services from AT&T for long-distance service and local telephone service. The former is at issue in this Request for Review, not the latter. Section 44.031(b)(4) of the Texas Education Code authorizes school districts to acquire goods or services under the catalogue purchase system under Section 2157.001 et. seq. of the Texas Government Code. Under this catalogue purchase program, the DIR [being a Texas state agency] creates a list of approved statewide vendors for specified goods and services, after a process involving review of different pricing factors, among others. This process essentially forces interested vendors to offer specially discounted prices on a statewide-basis, in order to be listed as an approved vendor, in order to be able to make sales to local governments across the state. The DIR itself advises vendors on its website:

DIR expects to receive the vendors' best pricing, since all state agencies, cities, counties, and other local governments, public school districts, and public colleges and universities can buy through the DIR contracts. Based on the state's anticipated volume, vendors need to offer DIR deep discounts from their list price. Those discounts must apply to all DIR customers, regardless of their size, which means that a small agency would receive the same base discounts that a large agency would receive, although entities buying large quantities should be able to negotiate deeper discounts through the DIR contracts.

The catalogue purchasing program, under state law, supersedes any requirement for a local district to perform a second competitive procurement [insofar as the DIR has already done a competitive procurement previously]. AT&T was/is an approved vendor on the DIR catalogue. The Telco Services of AT&T as offered in the DIR catalogue were tariffed services. Attached to the Appendix as Exhibit "10" is a true and correct copy of an excerpt from the DIR website, indicating such services and vendor as being approved by DIR. EPISD approved AT&T as the provider of the Telco Services for Funding Year 2002, based upon procurement under the DIR catalogue.

With respect to IC/IA Services for Funding Year 2002, after review and analysis by staff and approval by the Board of Trustees at a meeting on January 8, 2002, EPISD decided to renew its relationship with IBM as service provider for Funding Year 2002. As noted above, EPISD posted the 2002 Form 470, though not required to do so under Program rules due to the renewal. Nevertheless, EPISD wanted to inquire as to interest from other possible vendors, in an effort to determine whether or not renewal was cost-effective and should take place. No responses or

inquiries were received by EPISD from vendors to the 2002 Form 470 for IC/IA Services sufficient to convince EPISD not to renew its existing contract with IBM. During an internal process, EPISD itself reduced the funding levels it would seek from the Program for Funding Year 2002 for the IC/IA Services, and the scope of the IC/IA Projects thereunder. No request for proposal was issued by EPISD for IC/IA Services for Funding Year 2002.

Thereafter, EPISD, in consultation with IBM, finalized the specifications for the specific goods and services necessary for completion of the IC/IA Projects for Funding Year 2002. Such process involved negotiation of the specifications and pricing for the IC/IA Projects. The funding requested for the IC/IA Projects for Funding Year 2002 represented a significant reduction in amounts as requested by EPISD, and as awarded by SLD, for Funding Year 2001.

After further negotiations with IBM, EPISD and IBM entered into an IBM Customer Agreement dated as of January 2002, with incorporated Statements of Work dated January 2002, as well as an Addendum to Customer Agreement for January 2002 SOWs (collectively, the "2002 Contract"). A true and correct copy of the 2002 Contract is attached to the Appendix as Exhibit "11", and is incorporated herein. The 2002 Contract contained special provisions whereby EPISD retained the right to select the ultimate providers of many services and products, through use of procurement requirements of Texas state-law (the "Special Procurement Provisions"). The Special Procurement Provisions are found within the Addendum to the Customer Agreement for January 2002 SOWs, being part of the 2002 Contract. In this way, EPISD intended to minimize the costs for such services and products, and thereby minimize the amounts of Program funding, and thus EPISD's pro rata³ contribution, ultimately required to perform the IC/IA Projects. Similar provisions were included in the 2001 Contract.

Promptly after entry into the 2002 Contract, EPISD submitted the IC/IA Form 471 to the SLD on January 17, 2002. The IC/IA Form 471 contained further detail as to the particular goods and services required for the IC/IA Projects. On or about the same date, EPISD also submitted its Telco Form 471 for the Telco Services.

On or about May 13, 2002, EPISD received an E-Rate Selective Review Information Request from the SLD, more commonly known as the Item 25 Selective Review (the "Selective Review"). EPISD timely and comprehensively responded to the Selective Review. EPISD also had numerous discussions with SLD staff or contractors regarding Program issues. EPISD's high level of cooperation and assistance to the SLD was complimented and acknowledged.

³ The contribution from districts may differ, depending upon the funding commitment made by the SLD, often based upon its "free and reduced lunch" proportion of the district's populace. EPISD overall has an approximately 68% "free and reduced lunch" proportion, but has many schools at the "90%" level.

After March 10, 2003, EPISD received each of the Decisions. The Decisions represent the final decision of the SLD on the IC/IA Form 471 and the Telco Form 471. This Request for Review before the Commission is being timely made within 60 days of the date of the Decisions.

The SLD alleges that the 2002 Form 470, with respect to IC/IA Services, failed to indicate that there was a request for proposal issued by EPISD for Funding Year 2002, and that such failure was misleading. The SLD's position is meritless.

" V 3 Items 9 and 10 of the standard Form 470 of the SLD have boxes to be checked depending upon whether or not the applicant has a request for proposal. Specifically, each item states as follows:

Do you have a Request for Proposal (RFP) that specifies the services you are seeking?

☐ *YES, I have an RFP. Choose one of the following: It is available on the Web at _____ or via _____ the Contact Person in Item 6 or _____ the contact listed in Item 11.*

☐ *NO, I do not have an RFP for these services.*

If you answered NO, you must list below the [Internet Access/Internal Connections] Services you seek....

In its 2002 Form 470, EPISD checked "no" in the boxes for Items 9 and 10. EPISD then listed descriptions of the particular services or functions being requested, for a particular number of locations.

EPISD did not issue a request for proposal for Funding Year 2002 for IC/IA Services. EPISD instead renewed its pre-existing contract with IBM as service provider. EPISD truthfully answered in its Form 470 that there was not a request for proposal for the services requested, insofar as there was in fact no such request for proposal. EPISD complied with the express terms of the Form 470 in this regard.

EPISD has complied with requirements of completion of the Form 470, and Decision No. 1 is erroneous to the extent it contends otherwise.

The SLD argues that EPISD selected IBM as service provider for Funding Year 2002 under a request for proposal, rather than under a Form 470. The SLD is wrong.

As pointed out before, EPISD posted the 2002 Form 470, even though not legally required to do so under Program rules, but did not issue a request for proposal for Funding Year 2002. IBM was not selected by EPISD as service provider for Funding Year 2002 based upon

any such request for proposal, since there was none. Instead, IBM was selected under the 2002 Form 470 as well as renewal of the existing contract with IBM.

Consequently, Decision No. 1 is incorrect in this respect.

Furthermore, to the extent the SLD is actually addressing EPISD's procurement for Funding Year 2001, that effort is an improper collateral attack. In any event, even in such a case, the SLD's position is in error.

The SLD misinterprets the procurement rules under the Program. The Commission's requirements under the Program for selection of a service provider actually consist of merely the following elements: (a) the applicant's posting of a Form 470 on the SLD web-site; (b) the applicant's compliance with applicable state and local procurement laws; (c) the applicant's waiting at least 28 days after posting the Form 470 before entering into a contract with a service provider; and (d) possibly, price should be the primary consideration amongst the factors reviewed by the applicant in selecting a service provider.⁴

Of these elements, item (b) is the most important. If a vendor responds to a particular applicant after seeing the posted Form 470, the applicant still needs to comply with state and local procurement laws. Few, if any, districts nationwide [and none in Texas] would be able to acquire those goods and services without separate use of a state law procurement method; the Form 470 alone would not be enough. Those procurement laws are generally very detailed, and involve procedures and requirements for some sort of competitive selection process. Consequently, the state/local procurement method is the most important element. Even without a notation about a request for proposal in existence on the Form 470, any vendor would recognize that state procurement laws would likely require a request for proposal or similar competitive procurement method.

It must be initially recognized that the Form 470 alone is not a procurement method. Instead, it is simply a notice to potential vendors that a particular district is interested in obtaining eligible goods and services under the Program. As a practical matter, the Form 470 is effectively a nationwide "legal notice", giving notice of a proposed acquisition.

If a vendor had contacted EPISD after seeing the posted Form 470, EPISD would have advised the vendor of the subsequent existence of the Request for Proposal and sent a copy to the vendor. Although this did not occur in actuality, it would have occurred. Any alleged deficiency

⁴ In this regard, this final element is not set forth in the regulations issued by the Commission. Instead, it is merely found in the Report and Order in Docket No. 96-45. Moreover, this element appears to be inconsistent with the regulations found at 47 C.F.R. §54.504 and §54.111, and is subject to challenge on that ground as well. EPISD also objects to the SLD's own adoption of rules and policies without a formal rulemaking as provided by law.

in EPISD's Form 470 was insufficient to prevent an interested vendor from responding to either the Form 470 or the Request for Proposal. In this regard, current EPISD staff with knowledge of these issues are unaware of EPISD ever being contacted by a vendor based simply upon EPISD's Forms 470 for Years 1 through Years 4, or Funding Year 2002. In light of the same, one wonders why the SLD is insisting upon such strict compliance with the SLD's peculiar interpretation of the Form 470 process. Since no vendor responded to the Form 470 such that EPISD could make such a disclosure, it simply shows that the Form 470 does not necessarily play as important a role in advising vendors of proposed acquisitions as the SLD now contends, because no vendors learned of EPISD's interest through that process sufficient to cause a call to EPISD to be made. EPISD did, however, get interested vendors through its Request for Proposal process.

The Request for Proposal specifically describes the Program and EPISD's intent to use the successful vendor as the service provider for Funding Year 2001. A vendor looking at the Form 470 would recognize that further procurement, such as through the Request for Proposal, was to occur [and would also be aware of the same through the posting of notice for the Request for Proposal in the newspaper], and a vendor looking at the Request for Proposal [especially with its E-Rate references] would recognize that a Form 470 was on file. Either way, the vendor would be readily able to obtain and review both documents.

The 2001 Form 470 and the Request for Proposal are consistent, and intertwined. The SLD is erroneously seeking to completely separate the two.

The Request for Proposal satisfies element (b) of the Commission's competitive procurement requirement. The posting of the 2001 Form 470 by EPISD satisfies element (a). The 2001 Form 470 and the Request for Proposal are intertwined, and resulted in eight responses being received by EPISD. That is a significant number of respondents, and probably greater than experienced by many districts who were granted Program funding. Incidentally, there is no dispute that element (c) [i.e.- 28-day wait] was fulfilled by EPISD.

EPISD has complied with competitive procurement requirements of the Commission and Decision No. 1 is erroneous in that regard.

In Decision No. 1, the SLD argues that EPISD selected IBM as service provider without first having sufficient detail and description of the services to be provided. That is incorrect.

EPISD in fact defined the Year 2002 IC/IA Projects before the selection of IBM as service provider for Funding Year 2002. EPISD conducted an extensive internal review to determine the identity and scope of such projects. Those Funding Year 2002 projects were set prior to EPISD's renewal of its contract with IBM. The renewal was not effective until the effective date of the 2002 Contract. Indeed, the IC/IA Projects for Funding Year 2002 were

sufficiently determined and described before such renewal that the terms thereof were included in the statements of work incorporated in the 2002 Contract.

Accordingly, Decision No. 1 is in error in its argument that the projects for Funding Year 2002 were not defined at time of selection of IBM as service provider.

Furthermore, to the extent the SLD is actually addressing EPISD's procurement for Funding Year 2001, that effort is an improper collateral attack. In any event, even in such a case, the SLD's position is in error.

At minimum, it is ludicrous for SLD to contend that EPISD failed to define its IC/IA Projects for Funding Year 2002, at the time IBM was selected as service provider for Funding Year 2001. Indeed, EPISD cannot be expected to now define all projects for which Program funding will be sought in future funding years.

In that regard, it is not entirely clear whether the SLD is asserting that such insufficient detail is within the 2001 Form 470 or the Request for Proposal. To the extent SLD is complaining about lack of specificity in the 2001 Form 470, EPISD believes that its 2001 Form 470 is sufficiently detailed. EPISD describes the services sought by category, and the number of locations for which they are being requested.

There is ambiguity as to how much information is needed in the 2001 Form 470 itself. Again, the Form 470 is akin to a newspaper notice, and such notices do not contain much detail; both the Form 470 and the newspaper notice identify a contact person from which more detail, such as in the Request for Proposal, could be obtained. The Form 470 instructions [see Exhibit "13" to the Appendix] give examples of how to complete the form, but themselves have limited detail. The Decision is inconsistent with SLD's expressed policies on this issue.

It is also the belief of EPISD that the SLD has in past funding years, and in Funding Year 2002 [though perhaps not as to applications with IBM as service provider], routinely approved Program applications involving Form 470s with similar level of detail as that in the 2001 Form 470 posted by EPISD. EPISD must challenge any disparate treatment by the SLD in this regard.

To the extent the SLD is complaining that there is lack of specificity in the Request for Proposal, that is also denied by EPISD. EPISD believes that the Request for Proposal, especially taken in context with the 2001 Form 470, contains sufficient detail to comply with Texas state law, to provide adequate notice to vendors, and to thus comply with the Commission's procurement rules.

In this regard, the Commission and the SLD should not put themselves into the position of reviewing, analyzing, and determining whether state procurement law has been met in a particular circumstance. The Commission and the SLD do not have the time, staffing, or monies

to expend efforts on this point⁵, and do not have the expertise to make accurate review and determination of the procurement laws of all fifty states as well as the procurement policies of all districts applying for Program funding. If there is a violation of state or local procurement laws by a Program applicant, those violations can be challenged under state-law rules and procedures.

Furthermore, as noted above, a vendor knowing of the Request for Proposal would know of the 201 Form 470, and vice-versa, and especially taken together, have a clear idea of what EPISD was seeking to acquire in terms of goods and services. It should also be pointed out that the projects set forth in the 2001 Form 471 are consistent with the Technology Plan prepared by EPISD long before the Request for Proposal was issued or 2001 Form 470 was posted. The Technology Plan is a public record, and available upon request to any vendor or other person. Any vendor was furthermore on inquiry notice of EPISD's needs based upon its Technology Plan.

If a vendor believes that a particular request for proposal from a Texas school district does not have sufficient information or detail, the vendor has multiple options under which to obtain more information or to challenge the procurement, including the following: (a) the vendor may contact the purchasing office issuing the request for proposal to seek further detail; (b) the vendor may contact the technology department to seek further detail; (c) the vendor may send written notice to the district complaining of lack of details or other problems; (d) under a., b., or c., if the district realized there was a problem [even if not a legal one], it is common to issue a supplement to the request for proposal to all vendors who requested or received the original request for proposal; (e) under a., b., or c., and sometimes in any event, a district may hold a bidder's conference open to all vendors to discuss issues about the request for proposal; (f) the vendor may complain about problems in one's response to the request for proposal; (g) the vendor may contact the superintendent or other senior administration officials to complain about lack of details or other problems [before or after response is due or recommendation is made]; (h) the vendor may contact one or more individual Board trustees to complain about lack of details or other problems [before or after response is due or recommendation is made]; (i) the vendor may attend a board meeting and outline one's concerns at "public forum"; (j) the vendor may attend a board meeting and outline one's concerns in the discussion of the particular agenda item; (k) under i. or j., a vendor can also complain about alleged illegality of the process and threaten a lawsuit if there is not a re-bidding, even using one's attorneys to do so; (l) the vendor may file a public grievance before the board; (m) the vendor may file a protest; (n) the vendor may file suit against district prior to award, seeking injunction; (o) the vendor file suit against district after award, seeking injunction and/or damages; (p) the vendor may complain to board trustees after the award is made, but before the contract is signed, to seek reconsideration; (q) the vendor may seek a Texas Attorney General's Office investigation and prosecution; (r) the vendor

⁵ One notes that, in Year 4 and Funding Year 2002, the SLD is making awards of Program funds from 3 to 5 months after the start of the particular funding year. If the SLD cannot timely award the Program funds at the present time, why should it take on this additional duty of reviewing compliance with state and local procurement requirements?

may seek local County or District Attorney investigation and prosecution; and (s) the vendor may seek a local United States Attorney investigation and prosecution. Each of these steps may be taken by a vendor, and items a. through k. are very commonly done by vendors [not necessarily with any merit] with respect to many procurements, including those at EPISD.

It is also very important to note that the Special Procurement Provisions found in the 2002 Contract and 2001 Contract permitted involvement of EPISD in selection of many goods and services after the Program award is made, which would be done using Texas procurement laws. As such, even if there was a problem originally in the level of detail or otherwise [which is denied], vendors would have an extra opportunity to bid to supply goods or services to the IC/IA Projects after being provided with much more detail and specificity as to the specifications required.

Additionally, any vendor having any concern about lack of detail or any other problems with the 2001 Form 470 or the Request for Proposal could have lodged a complaint with the SLD or the Commission at that time. A vendor who had a problem with the Request for Proposal had the opportunity to take numerous steps to solve the problem then and there.

The SLD's position on the level of detail required in a Form 470 or a request for proposal is also inconsistent with the actual capabilities of districts. It is unrealistic for the SLD to expect school districts to have in-house expertise to understand, plan, and identify the specific plans, specifications, and other details of projects at the time of posting the Form 470 or issuing any request for proposal. Districts rarely have expertise to do so. The districts generally understand only what projects need to be done and the basic scope and outline of those projects, but do not often know ahead of time the particular plans and specifications for those projects [especially in the technology area where new technologies and techniques come into play very quickly]. This is a very complicated field, and hard for a district to keep track of state-of-the-art goods and services. If a district tried to design a technology project completely on its own, including all plans and specifications, it would not necessarily design the most cost-effective project, and its design would likely include inefficiencies, waste, and obsolete items. Accordingly, it makes sense for a district to seek systems integration expertise from a third party.

By way of example, one should keep in mind the analogy of an individual building an addition to a house. In theory, a person could build the addition himself, but that is very rare indeed since individuals almost never have the necessary expertise and experience to do so. Instead, individuals generally do have in mind their basic needs and desires for the addition [no. of bedrooms, no. of baths, approx. square footage, one or two-story, exterior facing, style, etc.], but do not know all of the details [depth of foundation slab, location of plumbing and electrical conduit, framing details and techniques, etc.]. In addition, the homeowner generally does not know exactly how the framing, plumbing, HVAC, electrical, and other systems of the addition can be made compatible with those in the existing portion of the house. Of course, the homeowner rarely creates the blueprints on his/her own. The homeowner instead generally

retains an architect and/or a homebuilder to prepare the blueprints, based upon the homeowner's basic needs and desires. Those blueprints are not completed, however, by the architect/contractor without significant input from the homeowner. The homeowner usually reviews those plans and specifications with the architect/contractor and suggests many changes. In that regard, price is an important consideration, and changes are made to the blueprints accordingly. The price of the project is negotiated between the parties. The homeowner retains final control over the plans and specifications, and the price, especially since the homeowner has the right to end negotiations and seek a new builder, if necessary.

As applied to the Program, the homeowner is akin to a district seeking Program funding, the addition is akin to the new projects desired to the existing technology at the district, the homeowner's basic needs and desires of the homeowner are akin to the technology plan adopted by district seeking Program funding, the plans and specifications as set forth in the blueprints are akin to the details contained in the Form 471 filed by such district, and the architect and contractor are akin to the service provider for the district. The Commission should keep this analogy in mind when analyzing the compliance of districts with Program requirements.

The SLD's position as expressed in Decision No. 1 with respect to the level of detail required in the Form 470 and/or the request for proposal is also inconsistent with what occurs in reality. In the first place, it is well-recognized that, in the technology area, many goods and services become obsolete very quickly. Consequently, it is difficult for a district to realize and identify, when posting the Form 470, exactly what goods or services will be required by the district some 12 to 18 months later, after the SLD approval in fall of the following year and when the district is ready to acquire the same for the approved project. If there were great detail in the original request for proposal or Form 470, as the SLD seems to now insist upon, that detail would likely be obsolete later. When those details are obsolete, at minimum, the district would need to seek change orders with the vendor and seek SLD approvals for changes. In that event, the SLD would be faced with having to deal with the voluminous requests for changes from each and every grantee-district. As such, the level of detail being apparently urged by the SLD is unrealistic.

Furthermore, since the SLD generally does not fully fund Form 471 requests, a district does not know exactly what Program funds will be awarded to it, and whether, and to what extent, it can do certain projects. With less funding, some projects may have to be re-configured completely, with dramatic changes after-the-fact on the needed goods and services from those originally disclosed in the Form 470 or the Request for Proposal. Again, in such cases, the detail in the original Form 470 is obsolete by the time the services are actually acquired.

In addition, a district's projects for a particular funding year are generally dependent upon what Program funding was awarded in the prior funding year. If such funding was denied in whole or part, the district might need to re-urge such request in the next funding year. By way of example, using a "pipeline" analogy to reflect the linear nature of many projects, a district

cannot be expected to request funds to build mile 5 of a pipeline without knowing whether mile 4 of the pipeline has been funded for construction. Due to the SLD's late announcement of funding decisions, districts have little time to develop projects for the next funding year before Form 470s for that year must be posted. In EPISD's case, it learned of its Funding Year 2001 award only a few weeks before the Form 470 for Funding Year 2002 was posted. Districts could not be expected to have detailed plans for Funding Year 2002 so soon after award of Funding Year 2001 amounts, because of the important reliance on the funding levels in Funding Year 2001 in determining what projects are necessary in future funding years.

In light of these issues, any alleged requirement for a great detail in the Request for Proposal and 2001 Form 470 is unrealistic and inconsistent with the goals of the Program.

The 2001 Form 470 and Request for Proposal contained sufficient detail to comply with Commission requirements. Decision No. 1 is erroneous in this regard.

Perhaps the principal contention in Decision No. 1 is that EPISD selected IBM as service provider for Funding Year 2002 without using price as a factor in the selection. Importantly, the SLD is not merely arguing that price was not the primary consideration⁶ in EPISD's selection of IBM, but instead that EPISD did not consider price whatsoever.

Before deciding whether to renew the contract with IBM, EPISD posted the 2002 Form 470, even though not required by Program rules to do so. This was part of an effort to review possible interest by other vendors, which may provide better pricing. Moreover, EPISD had conducted an internal review of IC/IA Projects for Funding Year 2002 and discussed pricing in detail with IBM prior to its decision to renew the contract. In fact, the pricing for the IC/IA Projects for Funding Year 2002 had been agreed upon by IBM and EPISD, before the vote to renew the IBM relationship by the Board of Trustees of EPISD and before the effective date of the 2002 Contract.

Consequently, Decision No. 1 is without merit on this ground.

Furthermore, to the extent the SLD is actually addressing EPISD's procurement for Funding Year 2001, that effort is an improper collateral attack. In any event, even in such a case, the SLD's position is in error.

For Funding Year 2001, price was clearly a factor in EPISD's selection of IBM. The Request for Proposal itself lists price as a factor to be considered. IBM's response to the Request for Proposal included discussion of pricing. The evaluation of respondents to the Request for

⁶ As noted above, there is some question as to whether it is a legal requirement that price be the primary consideration.

Proposal considered price as a factor. Consequently, price was clearly a factor for Funding Year 2001.

Moreover, pricing was in fact a major factor in EPISD's selection of IBM as service provider for Funding Year 2001. Under Texas law, a school district must ordinarily acquire goods or services in the manner that provides the "best value" to the district, considering the purchase price and other factors. Tex. Educ. Code §44.031(a) (Vernon 2002). In addition, Section 44.031(d) of the Texas Education Code permits the acquisition of professional services using other means, including the Texas Professional Services Procurement Act, which requires that any pricing be fair and reasonable. Tex. Educ. Code §44.031(a) (Vernon 2002); Tex. Govt. Code §2254.0003 (Vernon 2002). In either case, price is an important consideration in any acquisition under Texas state law. As discussed above, the Commission should defer to detailed state procurement laws with respect to these issues, and the Commission should not do independent analysis of compliance with state procurement laws.

Here, EPISD believes that it complied with all applicable Texas procurement laws with respect to the Request for Proposal, including the evaluation of pricing. As such, it believes that the competitive procurement requirements of the Commission were satisfied. Decision No. 1 should therefore be reversed since EPISD did in fact take price into an account as a factor in selection of IBM as service provider.

In Decision No. 1, the SLD argues that the price of services for Funding Year 2002 was set only after selection of IBM. That argument is without merit. As discussed above, before deciding whether to renew the contract with IBM, pricing for the IC/IA Projects for Funding Year 2002 had been agreed upon by IBM and EPISD, before the vote to renew of the contract by the Board of Trustees of EPISD and before the effective date of the 2002 Contract. Indeed, such pricing was incorporated into the 2002 Contract itself. Consequently, Decision No. 1 is in error.

Furthermore, to the extent the SLD is actually addressing EPISD's procurement for Funding Year 2001, that effort is an improper collateral attack. In any event, even in such a case, the SLD's position is in error.

The Purchasing and Technology Departments of EPISD are very experienced with respect to purchasing requirements under Texas law and general pricing in a variety of areas, and acquires many millions of dollars in goods and services each year.

Moreover, similar to issues concerning obsolescence when describing items in detail, it is difficult for pricing to be the primary consideration in the technology area, where [as apparently contended by SLD], a district needs to get detailed, set pricing on particular goods or services perhaps 12 to 18 months before actually acquired and installed. Pricing changes dramatically in the technology area, and hardware becomes quickly obsolete. By the time a district is ready to acquire hardware after the 18-month or so delay, the hardware may no longer be available or, if

available, now available at a much lower price [though district is committed at the higher price already agreed upon]. This model as supposedly urged by the SLD also gives rise to a danger of a vendor "selling short" particular goods, by locking in high then-market prices to district under the Program for the goods, though the then-obsolete goods will be available for purchase by the vendor after the 12 to 18 month delay at a much cheaper price in the market. In light of these issues, overemphasis on pricing of particular detailed items is unrealistic and inconsistent with the goals of the Program.

The competitive selection process by EPISD did not end with the Board's award to IBM, but continued until the 2001 Contract and incorporated statements of work were negotiated and signed. If EPISD was unable to reach agreement with IBM on all specifications and prices for the IC/IA Projects, EPISD would instead select another respondent as the service provider and seek mutual agreement on those terms. The selection process in effect continued until the 2001 Form 471 was filed. In effect, there was a two-stage process.

In its evaluation of the responses to the Requests for Proposal, EPISD reviewed pricing models from the respondents, looking at general pricing structures, with the idea that EPISD would later confirm the details of the pricing once the detailed plans and specifications of the Projects were created. That was in fact done. That is similar to what is done under Texas law with respect to the procurement of professional services or technology consultants using similar rules. EPISD's selection of IBM was subject to final negotiation of the statements of work for the Project, and detailed pricing for the same. EPISD reserved the right to select another vendor as service provider in the event mutual agreement was not reached between EPISD and IBM on these points.

Based upon the understanding and experience of its staff and the results of prior acquisitions, EPISD had a general knowledge of pricing in these areas, with more specific knowledge on particular parts. Indeed, a number of the Projects or their predecessors had been submitted for Program funding in prior years; in those cases, EPISD maintained and reviewed pricing information for goods and services in such proposed acquisitions in the previous years for comparison purposes. In many cases, EPISD also researched and reviewed pricing information for similar goods or services, from other vendors or their web-sites, in order to compare to pricing proposed for the statements of the work for the Projects. Taken together, EPISD took additional efforts to ensure that both initial and ultimate pricing would be fair and reasonable.

Going back to the analogy, this is like the homeowner, before negotiating with the contractor, knowing the market pricing on certain items specifically [e.g.- wallpaper, tile, etc.] as well as overall pricing generally [e.g.- price per square foot]. Indeed, when negotiating the statements of work with IBM, EPISD insisted upon and received significant reductions in the pricing initially proposed by IBM, as well as changes in the specifications of the Projects as set forth in the initial statements of work proposed by IBM. In particular, EPISD negotiated

significant changes in the level and cost of services, as well as similar changes in goods to be acquired.

Furthermore, EPISD believes that the pricing levels in the 2001 Form 471 [and the IC/IA Form 471] are reasonable, based upon general knowledge and experience of EPISD personnel. Nevertheless, under the Special Procurement Provisions and other provisions of the 2001 Contract [and 2002 Contract], EPISD retained to select subcontractors and suppliers using Texas procurement laws, and to modify or delete Projects even after Program funding was awarded. IBM also promised to share with EPISD detailed information relating to the pricing of the services component on certain Projects; that process was on-going at the time the Decision was rendered. Those provisions better ensured fair, reasonable, and cost-effective pricing from IBM to EPISD, with possible savings over even what was proposed in the Form 471s.

In this regard, EPISD wanted to continue its review of the Projects on an on-going basis, and to take account of changed prices, conditions, technologies, etc. in the market as well as any changes in EPISD's own needs or capabilities, and then decide later whether a particular Project should go forward. Specifically, EPISD's desires and needs in December 2001 might be different from those in January 2003. If EPISD decided against a Project or decided to limit its scope, it would advise the SLD and return the unneeded Program funds, as it had done in the past with respect to prior Program funding years. The Form 471 was effectively a ceiling on the price to be charged for the Projects. To be clear, the Form 471 was not a "wish list", but instead a list of needed goods and services, consistent with the Technology Plan and consistent with EPISD's past pattern of funding requests under the Program. EPISD believed that this continued review was necessary to ensure that most "bang for the buck" for the Program funds and EPISD's own contribution.

EPISD was and remains adamant that the Projects should be performed for a fair price, and with the most "bang for the buck". EPISD is also very concerned about sustainability of Projects for the long-term, and, since Program funding from year to year cannot be guaranteed, EPISD needs to ensure that any Project can be sustained without Program funding in the future.

As noted before, EPISD is responsible for its pro rata contribution in the event of Program funding for a Project. That contribution, though, does not reflect all of the true costs to EPISD of Program funding. Specifically, if a particular Project is awarded Program funding, EPISD must not only contribute its pro rata share, but must also pay for the computers or other ineligible hardware necessary to use the eligible services under the Project, for additional staff to handle installation and operation of the Project, and for additional training [not otherwise eligible] in related areas to best utilize the resources of the Project. In addition, EPISD feels strongly that technology and other resources at its various schools be equitable; consequently, EPISD must pay for similar, ineligible Projects, similar to an approved Project, at other schools who are not granted Program funding due to a lower "free and reduced lunch" level. In short, EPISD has to spend its own money to ensure that each school, whether or not it received

Program funding, has similar resources. Accordingly, EPISD's contribution in the event of Program funding is actually much greater than pro rata. That alone is significant incentive for EPISD to seek cost-effective acquisition of the Projects, which EPISD believes it has done in this case.

Furthermore, and importantly, EPISD's 2001 Contract [and 2002 Contract] with IBM permitted involvement of EPISD in selection of many goods and services for the Projects after Program funding was awarded, which would be done using state procurement laws. As such, even if there was a problem originally as to pricing or detail [which is denied], vendors would have an extra opportunity to bid, EPISD would have another opportunity to review, and decisions on such items would be made based upon detailed pricing figures with respect to then-current versions of hardware, etc. Indeed, assuming [without admitting] there was a problem, it is remedied by this approach. EPISD would have required similar provisions with another systems integrator. EPISD's approach in this regard would have the benefit of ensuring the best pricing possible using the Program funds, since further review and analysis would be done when the goods and services were actually going to be acquired [with a maximum not to exceed the pricing in the Form 471], probably at a lower price than in the Form 471s itself.

Through the Special Procurement Provisions in the 2002 Contract, and similar ones in the 2001 Contract, the pricing was capped at those set in the Form 471s, but EPISD had the opportunity to obtain any better pricing later by the selection of subcontractors and/or suppliers through separate, later competitive procurement. With that better pricing, EPISD hoped to achieve additional savings; indeed, EPISD did so for Funding Year 2001 and actually returned part of its award of Program funding as a result of such savings.

As a final point, it should be pointed out that, even if EPISD had in the Request for Proposal assigned a greater number of points to the price factor, that would not have made any difference in the selection of the service provider. Specifically, each of the complete respondents to the Request for Proposal, upon review and analysis by EPISD, were judged to be equivalent in terms of pricing [and the other respondent less competitive], and each of those received the same maximum number of points in that category. As such, even if three times the number of points had been assigned to the price factor, each of those respondents would have still received the same number of points [and the fifth one would still have received fewer points]. Although price was very important and was considered, factors other than price proved to be the difference-maker in the selection process. Consequently, the number of points assigned to the price category was not determinative, in the evaluation of the various vendors.

EPISD believes that pricing considerations should be based by the Commission upon state procurement requirements, that EPISD satisfied those state law requirements, that EPISD took numerous steps to ensure fair and low-cost pricing, and that EPISD insisted upon and obtained special contractual provisions to ensure the best pricing. The SLD's contentions to the contrary should be rejected, and Decision No. 1 reversed.

Based upon the foregoing, additionally and in the alternative, each of the grounds raised by the SLD in Decision No. 1 for denial of Program funding for EPISD as to its IC/IA Form 471 are without merit. Consequently, Decision No. 1 should be reversed.

In Decision No. 2, SLD argues that EPISD failed to properly complete the 2002 Form 470. That position is meritless. EPISD did not issue a request for proposal for any Telco Services for Funding Year 2002. As noted above, EPISD instead acquired those services as permitted by Texas state law under the DIR catalogue purchase methodology. Since there was no request for proposal issued by EPISD for those services, the 2002 Form 470 was correctly completed by EPISD and is accurate. The SLD's contention in this regard is wholly contrary to the facts.

The SLD wrongfully argues that EPISD used a request for proposal, not the 2002 Form 470, to acquire long-distance Telco Services for Funding Year 2002. This argument of the SLD is without merit. As explained above, EPISD did not issue a request for proposal for any Telco Services whatsoever for Funding Year 2002. Instead, EPISD posted the Form 470 as required by federal law, and then sought vendors for such services. No inquiries were made by vendors to EPISD regarding long-distance Telco Services for Funding Year 2002 based upon the 2002 Form 470 alone, until after the process was almost complete; EPISD nevertheless requested rate and service information from such vendor.. Insofar as EPISD must also comply with Texas procurement law, EPISD legally sought and acquired long-distance Telco Services under the state-permitted DIR catalogue purchase method. As discussed at greater length as to Decision No. 1, a Form 470 is not, in and of itself, a procurement methodology, but simply a form of nationwide "public notice". A district must still comply with the detailed rules of applicable state procurement laws. EPISD did so here, both posting the 2002 Form 470 and complying with Texas procurement laws. Decision No. 2 is incorrect in this respect.

Under Decision No. 2, the SLD takes the erroneous position that EPISD failed to define the long-distance Telco Services before AT&T was selected as service provider. This position is untenable. The 2002 Form 470 describes the need for "Long Distance Services" with "2000 lines + 200 additional", as well as "Long Distance, calling cards" for "95 sites + 5 additional". These descriptions are under Item 8 of the 2002 Form 470, relating to telecommunication services. "Long-distance services" is a commonly-used term, both in the industry and among consumers. No reasonable vendor could misunderstand what sort of services, and what quantity, were being sought by EPISD under the 2002 Form 470. EPISD suspects that few, if any, districts posting a Form 470 in any Funding Year described long-distance services any differently. EPISD is puzzled as to what sort of "more detailed" description that SLD expects a district to make in a Form 470 for long-distance services. It is unreasonable for the SLD to insist that EPISD failed to adequately describe the long-distance Telco Services in the 2002 Form 470. As such, Decision No. 2 should be denied on that ground.

In Decision No. 2, the SLD argues that EPISD did not use price as a factor in deciding to select AT&T as service provider for the long-distance Telco Services for Funding Year 2002. Importantly, as noted above with respect to Decision No. 1, the SLD is not merely contending that price was not the primary factor in selecting its service provider, but that price was not a factor whatsoever in such selection. That argument of the SLD is without merit. Price was in fact a factor in EPISD's selection of AT&T as service provider for long-distance Telco Services for Funding Year 2002. In the first place, EPISD posted the 2002 Form 470 describing such services, and inviting vendors to make inquiries regarding provision of such services. EPISD then reviewed the DIR catalogue on such services, and had a choice of two providers, AT&T and Southwestern Bell. EPISD chose to use AT&T for the long-distance Telco Services based upon its overall pricing, especially considering authorization code restrictions offered by AT&T as part of its package, and not by Southwestern Bell, which would provide a better cost control for EPISD to ensure that actual prices were lower. Price was not just a factor, but was the primary factor in the determination of which of the two service providers to select. Moreover, as explained above, the DIR catalogue purchasing method is based upon a state-run process of reviewing and approving vendors based upon a number of factors, especially pricing. As noted, the DIR expects to receive the best possible pricing from vendors, in light of the low-priced vendors' subsequent ability to sell large volumes to state agencies and local governments across the entire state. Price was clearly a factor in selection by EPISD as its service provider for long-distance Telco Services for Funding Year 2002. Decision No. 2 is incorrect, and should be reversed, on this point.

The SLD wrongfully alleges in Decision No. 2 that the price of services of AT&T for long-distance Telco Services was determined only after selection of AT&T. This allegation has absolutely no merit. As noted above, AT&T was selected as service provider by EPISD for long-distance Telco Services based upon its presence in the DIR catalogue. The DIR already had AT&T's pricing listed in the catalogue at that time. The relevant portions of the DIR catalogue were published before EPISD made the selection, and even before the 2002 Form 470 was posted by EPISD. AT&T presented its pricing to DIR long before EPISD's attempt to participate in Funding Year 2002 of the Program. Since the pricing of AT&T were for tariffed services, such pricing also existed in advance on that ground as well. It is clear that AT&T's pricing for the long-distance Telco Services were set long before EPISD's selection of AT&T as service provider for the same. EPISD also confirmed such pricing with AT&T prior to the award being made. The SLD's position in this regard is untenable.

Based upon the foregoing, additionally and in the alternative, each of the grounds raised by the SLD in Decision No. 2 for denial of Program funding for EPISD as to its IC/IA Form 471 are without merit. Consequently, Decision No. 2 should be reversed.

EPISD made a good faith attempt at compliance with Commission requirements relating to completion of the Form 470, specificity, and procurement. In this regard, the Form 470 for Funding Year 2002 was generally consistent in level of detail as opposed approved by the SLD